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# CITIZENS SUMMARY

## Findings in the audit of the City of Purcell

Misappropriated and Undeposited Money	From February 1, 2021, to April 12, 2021, at least \$3,233 was misappropriated or is missing from the city. During this period, the former Mayor Pro Tem improperly issued herself 4 checks totaling \$1,988, made a \$400 cash withdrawal from the city bank account, issued a \$200 check to a routine city vendor that she endorsed and deposited into her personal bank account, and issued a \$500 check to an individual that was cashed and the proceeds were divided between the individual (\$250) and the Mayor Pro Tem (\$250). In addition, she improperly recorded \$160 in adjustments to her utility account, and did not bill herself for an estimated \$70 of utility and trash services. The former Mayor Pro Tem also did not deposit at least \$165 in city cash receipts collected during this timeframe.
Oversight, Annual Audits, and Bonding	The former Board did not always adequately monitor the city's financial activity; review or compare checks written to supporting documents, such as invoices or bank statements; or require dual signatures on city checks. The city did not obtain an annual audit of its sewer system for the year ended December 31, 2020, as required by state law. The Mayor and board members who sign checks and have access to money held in bank accounts are not covered by a bond.
Financial Condition	The city is in poor financial condition. For the year ended December 31, 2020, the city's General account reconciled bank balance, which includes all city funds, was \$15,460, which is only slightly greater than the city's average monthly expenditures of \$14,778. Further, the Board is not adequately monitoring the city's financial condition, as it does not receive budget-to-actual information by fund or timely financial reports.
Accounting Controls and Procedures	The city's procedures for receipting, recording, and depositing money are poor. As a result, there is no assurance all money collected is properly receipted, recorded, and deposited. The city has not established adequate procedures to allocate salaries and wages to various city funds and ensure restricted money in those funds is only used for the intended purposes. Many city financial records were not properly retained.
Disbursements	The city does not always solicit bids or obtain written contracts in accordance with city code. In addition, contracts are not always entered into timely. City officials could not provide supporting documentation for some disbursements or their approval of those disbursements. The city did not retain credit card receipt slips for some credit card purchases and made duplicate payments to its credit card vendor. The city did not maintain adequate documentation to support all petty cash fund transactions in 2020 or update the petty cash fund ledger for 2021.
Utility System Controls and Procedures	Improper adjustments were made to the utility account of the former Mayor Pro Tem. The former Mayor Pro Tem did not perform a monthly reconciliation of amounts billed, payments received, and amounts unpaid for utility services due in March 2021. The city did not always file returns with the Department of Revenue (DOR) in a timely manner or remit all sales taxes collected related to water services provided.

Payroll	City officials did not maintain documentation to support all payroll transactions.
Budgets, Financial Reporting, and Maintenance Planning	The city did not prepare complete annual budgets or monitor budgets, file annual financial reports timely, publish semiannual financial statements in compliance with state law, or maintain a street maintenance plan.
Board Qualifications, Ordinances and Sunshine Law	Former Alderwoman Nancy Wilson was elected as a write-in candidate and took the oath of office in June 2020 while owing delinquent personal property taxes in violation of state law. She did not pay her 2018 and 2019 personal property taxes until July 31, 2020, and still owed 2020 delinquent personal property taxes as of April 12, 2021, when the Board voted to remove her from office. The city does not maintain an up-to-date official ordinance book. The city does not always comply with requirements of the Sunshine Law and controls were not always in place to ensure minutes were properly prepared and approved. The Board has not adopted a written policy regarding public access to city records as required by state law.
Electronic Communication Policy	The city has not developed a records management and retention policy in compliance with the Missouri Secretary of State Records Services Division guidance, as approved by the Missouri Local Records Commission.
Capital Assets	The city does not maintain records of its capital assets. Additionally, city personnel do not tag, number, or otherwise identify assets or perform annual physical inventories.

In the areas audited, the overall performance of this entity was **Poor**.\*

\*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.



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**Recommendations in the audit of the City of Purcell**

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Misappropriated and Undeposited Money	The Board of Aldermen continue to work with law enforcement officials, as necessary, regarding the improper disbursements, improperly recorded utility adjustments, utility services not paid, and missing money, and obtain additional restitution, if possible.
Oversight, Annual Audits, and Bonding	<p>The Board of Aldermen:</p> <ul style="list-style-type: none"><li>2.1 Segregate accounting duties to the extent possible and implement appropriate reviews and monitoring procedures. In addition, the Board should require dual signatures on all checks.</li><li>2.2 Obtain annual audits of the water and sewer system as required by state law.</li><li>2.3 Maintain bond coverage for all personnel with access to city money.</li></ul>
Financial Condition	The Board of Aldermen ensure it receives detailed financial data monthly, perform immediate and long-term planning, and closely monitor and take necessary steps to improve the city's financial condition.
Accounting Controls and Procedures	<p>The Board of Aldermen:</p> <ul style="list-style-type: none"><li>4.1 Require the issuance of official prenumbered carbon copy receipt slips for all city receipts, ensure receipt slips are retained, and account for the numerical sequence of receipt slips. In addition, the Board of Aldermen should ensure utility and trash receipts are timely recorded in the computerized system and deposited timely and intact.</li><li>4.2 Ensure salaries and wages are allocated based on specific criteria and retain documentation to support the allocations to city funds. In addition, the Board of Aldermen should ensure city financial reports and budgets accurately reflect the use of the restricted revenues and monitor the use of those revenues for their required purpose.</li><li>4.3 Retain all records in accordance with state law.</li></ul>
Disbursements	<p>The Board of Aldermen:</p> <ul style="list-style-type: none"><li>5.1 Ensure bids or proposals are obtained when applicable and enter into timely written contracts defining services provided and benefits received.</li><li>5.2 Maintain adequate supporting documentation for all disbursements and ensure invoices are adequately reviewed and approved prior to payment of invoices.</li><li>5.3 Retain receipt slips for all credit card purchases and ensure invoices are marked paid to prevent duplicate payments.</li></ul>

- 5.4 Retain adequate documentation of all petty cash disbursements and maintain a complete petty cash fund ledger.

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Utility System Controls and Procedures

The Board of Aldermen:

- 6.1 Ensure all adjustments to utility accounts are properly approved and compared to actual changes posted to the computer system, and documentation of all adjustments is retained.
- 6.2 Ensure monthly reconciliations are performed of amounts billed to amount collected and delinquent.
- 6.3 Ensure sales taxes collected are reported and remitted timely.

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Payroll

The Board of Aldermen ensure adequate documentation is retained to support all payroll transactions.

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Budgets, Financial Reporting, and Maintenance Planning

The Board of Aldermen:

- 8.1 Prepare annual budgets that contain all information required by state law and ensure budgets are adequately monitored.
- 8.2 Submit annual financial reports to the State Auditor's Office as required by state law.
- 8.3 Publish semiannual financial statements as required by state law.
- 8.4 Establish a formal annual street maintenance plan.

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Board Qualifications, Ordinances, and Sunshine Law

The Board of Aldermen:

- 9.1 Establish procedures to ensure aldermen possess the qualifications required for holding office.
- 9.2 Ensure the city's official ordinance book is complete and updated timely.
- 9.3 Maintain complete and accurate meeting minutes for all meetings and ensure meeting minutes are signed by the preparer and approved by the Board. In addition, the Board of Aldermen should ensure specific reasons for closing a meeting are documented in the agendas and open meeting minutes.
- 9.4 Develop a written public access policy.

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Electronic Communication Policy

The Board of Aldermen develop a written records management and retention policy to address electronic communications management and retention to comply with Missouri Secretary of State Records Services Division electronic communications guidelines.

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## Capital Assets

The Board of Aldermen ensure complete and detailed capital asset records are maintained that include all pertinent information for each asset such as tag number, description, cost, acquisition date, location, and subsequent disposition. The Board of Aldermen should also ensure city personnel properly tag, number, or otherwise identify all applicable city property and conduct and document an adequate annual inventory that documents all capital assets with the pertinent information.